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CONSUMERS' GUIDE

NOVEMBER 1, 1939









CONSUMERS' GUIDE

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MELODRAMAS, and exciting ones, sometimes start off with someone unexpectedly getting a million dollars. It's a happy thought, and most of us at one time or another have mused over what we would do if we had a million.

Suppose, instead, you were unable to get a job and were dependent on Government for a minimum of subsistence, and someone gave you 50 cents extra a week for each person in your family with the proviso that you spend it on food. What would you do with it?

The Federal Surplus Commodities Corporation, Uncle Sam's agency which tries to correct diet deficiencies by diverting surpluses of food from farms into the market baskets of handicapped families, has been giving families 50 cents a person a week extra to spend on food.

Readers of *Consumers' Guide* know about this. It's the Food Stamp Plan—the Orange and Blue Stamp Plan, now working in about a dozen cities. Before the plan started, people wondered what use would be made of these extra 50 cents. Now, after collecting statistics on the operation of the plan during its first 3 months, the FSCC has a tentative answer. It's too early to draw final conclusions.

On the basis of the limited time and few localities in which the plan has been working, it would seem that if you give very low income people an extra 50 cents per person, about half of the money will go for butter and eggs. That's what the record shows, so far.

Next in popularity come fresh vegetables and fresh fruits—if the families live in the northern part of the country; in southern regions, wheat products are apt to be even more popular than fresh fruits and vegetables.

Based on the experience in 5 cities (Rochester, Dayton, Birmingham, Seattle, and Shawnee), families spent about 25 cents out of every dollar's worth of blue stamps on eggs.

Butter was runner-up in this food popularity contest with families spending about 23 cents out of every dollar's worth of blue stamps on it.

Fresh vegetables, that is green peas, ripe red tomatoes, leafy green cabbage, and the arrogant onion together accounted for 19 cents out of every dollar's worth of the blue stamps.

Peaches and pears between them got 12 cents out of every blue stamp dollar.

Flour took about a dime's worth of blue stamps out of the blue stamp dollar, dried beans about 4 cents, while corn meal, rice, and dried prunes used up about 2 cents each. People who read their lines closely will notice that oranges and grapefruit don't get a mention in this account of what happens to a blue stamp dollar. That's explained by the fact that these two products were out of season during the period this study covers.

When they were in season and on the list of foods that could be bought with blue stamps, together they beguiled the blue stampers into spending slightly more than 9 cents out of every one of their blue stamp dollars on them, about 5 cents for grapefruit, and a little more than 4 cents for oranges.

The Federal Surplus Commodities Corporation didn't collect these figures simply to exercise its curiosity. They tell a story that has significance to everyone interested in the health of America and in the prosperity of its farmers.

Blue stamp purchases have been the kind of purchases that are necessary to balance the diet for physical well-being. Families with a dollar a week or less to spend on food can't afford ordinarily to buy the fresh fruits, the fresh vegetables, the eggs, and the butter that are so important in a health-giving diet. But with the blue stamps they are able to build up their diet defense against ill health.

The President of the Federal Surplus Commodities Corporation, speaking on the blue stamp purchases, let a half dozen dramatic statistics take the stage to show what they mean to farmers.

If three-fourths of those relief families which now would be classed as eligible actually use the blue stamps when and if they are all given the blue stamp privilege, about 15 million persons would take part in the program.

If this should ever happen, he went on, "the Stamp Plan offers a potential annual market for over 300 million pounds of but-

ter, about 352 million dozen eggs, over 25 million bushels of wheat in the form of flour, over 6 million bushels of corn in the form of corn meal, about 140 million pounds of rice, over 87 million pounds of prunes, and about 227 million pounds of dry beans. For fresh fruits and vegetables there is a tremendous potential market. Given purchasing power, poor people will buy trainload after trainload of citrus, tomatoes, cabbage, peaches, and other fruits and vegetables."

Blue stamps, however, are designed only to take up the slack created by unemployment and excessively low incomes. When all the men and women standing in line waiting for employment have moved over to take their places in the lines in front of pay windows stamps won't be necessary.

At that time the Federal Surplus Commodities Corporation says the stamp plan will close up like an accordion. But if hard times should succeed the period when payday comes regularly, then the stamp plan can be pulled out and expanded like an accordion, too.

As the Federal Surplus Commodities Corporation puts it, "it will be there to do a minimum job in terms of minimum diets below which the public health would be endangered."

DURING THE 61/2 YEARS UNDER THE TRIPLE-A, farmers have built up an organization through the processes of economic democracy which can carry out any farm program that it may be necessary to adopt to meet rapidly changing situations.

"In every farm county in the United States, farmers themselves have elected certain of their neighbors to serve as county and community committeemen for the local administration of this program. In every agricultural county in the United States, the leadership which has come up through this process has gained invaluable experience in local administration.

"I ask you to stop and consider the importance of this county committee set-up. It is one of the most significant developments that has occurred in the history of American agriculture. It is one of the largest experiments in economic democracy. By economic democracy I mean the application of the democratic principle to our economic life. It is an extension of our political democracy to our dollars-and-cents affairs."

R. M. Evans, Administrator, A. A. A.

Our thanks to WPA for the photograph of the two small milk consumers on the cover of this issue.



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Boston Drinks "Surplus" Milk

A new plan sponsored by the Department of Agriculture opens up the sluice gates to let more milk flow into the homes of needy families and to build up farmers' income from surplus milk

ASK the people whose job it is to keep track of America's diet and they will tell you that Boston's experiment with low-priced milk is something to watch.

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With the help of the Federal Surplus Commodities Corporation, milk is being sold in Boston for 5 cents a quart to families receiving relief and for 7 cents a quart to families with wage earners on WPA.

Ordinarily, milk retails in Boston for 12 and 13 cents a quart. But since many families could not afford to pay that much for milk, the regular retail price has acted like a dam which barred the way to milk needed by low-income families.

Monday, August 7, 1939, the first day of the new plan, lines began to form in front of the 100 or so milk depots manned by WPA employees in Boston. All morning long families walked home with bottles of bargain milk, until by 2 o'clock, when the depots closed, 43,000 quarts of milk had found their way onto the tables of Boston's undernourished families.

Tuesday morning, the second day of the plan, the lines were even longer, and by 2 o'clock 60,000 quarts of milk had been sold at the bargain prices. A week later, sales were 72,000 quarts a day.

Just so these figures will have something to stand up against for comparison, the averge daily amount of milk sold in Boston during June of 1939 was 578,000 quarts.

NOT SO LONG AGO, THE CONSUMERS' COUNsel of the Department of Agriculture, when looking into the problem of too much milk on the farms and too little milk in the cities, made a simple analysis of what was wrong.

People talk about consumers, he said, as if they were all alike, like grains of sand. Actually consumers fall into distinct groups whose buying problems differ sharply.

Among milk consumers, rough analysis shows that there are 3 classes. Class I consists of the group of consumers who have adequate incomes and can afford to buy all the milk they want; they can afford to pay to have it delivered; they can afford the luxury of a charge account; and they can pay for all other frills and furbelows that go with modern merchandising of this simple but necessary food.

Families in Class 2 are people who have enough income to buy all the milk they *need* if they could buy milk without such added costs of delivery, charge accounts, and other services.

Class 3, the Consumers Counsel said, is made up of the persons who get incomes so small that they can't buy the milk they need.

CLASS 1, THE CONSUMERS' COUNSEL SAID, more than likely gets enough milk. If it doesn't, diet education is the answer to that.

Class 2 should be enabled to buy milk without frills and without any additional charges, and then it would get enough milk.

This could be done, he pointed out, in a number of ways: by having one price for milk delivered to homes and another, and lower, price for people who go to stores or milk depots and carry the milk home. Stores specializing in high-volume milk sales can save something for consumers who will come



and get it. Another way would be to offer price reduction for quantity purchases. Milk delivered in gallon and half-gallon jugs can be sold at a cheaper rate than milk in quarts and pints.

Class 3, he indicated, needed and should get subsidies of some kind if its families are to get the milk their bodies need.

The significance of the Boston Milk Plan is that it is a step toward solution of the milk problem of these families. Under this plan, farmers are paid what is known as the "relief price" for all the milk distributed to the low-income families at the bargain prices.

This relief price right now is the same price that is paid farmers for Class 1 fluid milk, 6.8 cents a quart. That is the highest price paid farmers for milk that goes into bottles. Milk that is sold as cream or used for the manufacture of butter, cheese, and other milk products, bring farmers much lower prices.

BEFORE MILK IS READY FOR CONSUMERS TO drink, it must be pasteurized, bottled, and delivered to the milk depots. Naturally under the Boston Milk Plan, relief milk must meet all the standards required of all other fluid milk.

Arrangements for the processing, bottling, and delivery to the depots of "relief milk" have been made with the Boston dairies. All the dairies are permitted to bid on the job of processing and delivering the milk in quart bottles to each of the 100 depots. Bids were given out for each of the depots instead of for all of them together because only 2 dairies in Boston have facilities large enough to handle the whole job. By breaking down the job to be done, small dairies are enabled to get a part of this business.

A top limit on the cost of handling the milk from the farmer to the depots has been

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set at 2 cents a quart. Bids by the dairies in Boston ranged up to 2 cents a quart but averaged 1.4 cents. The amount of milk delivered to each depot varies from 100 quarts a day up to 4,000 quarts a day.

Roughly then, the farmers get 6.8 cents for the milk they sell for distribution to Boston's needy families. The dairies get up to 2 cents a quart.

TO GET THE FINANCING OF THE PLAN straight, it is necessary to go back to the prices the families pay for this milk.

Families on relief pay 5 cents a quart for their milk. Now all of this 5 cents goes to the dairy farmers for the raw milk. Then the difference between 5 cents a quart and the 6.8 cents a quart which the farmer charges for his milk is paid by the Department of Agriculture out of a portion of the tariff receipts which has been set aside by Congress to be used to help farmers to move surpluses off the farms.

The cost of processing the 5-cent milk sold to relief families is paid by the relief agencies in Boston.

Milk is sold to families on WPA at 7 cents a quart. Of this 7 cents, 5 cents is given to the farmers with the Department of Agriculture making up the difference between 5 cents and 6.8 cents per quart the farmer receives.

The 2 cents remaining from the 7 cents the WPA families pay goes to pay the cost of processing, bottling, and delivering the milk to the depots.

BOSTON'S PRESENT PLAN IS A REVISION AND an overhauling of a plan that has been effective in Boston since October 14, 1937.

At that time the Federal Surplus Commodities Corporation entered into an agreement with the Department of Public Welfare of the State of Massachusetts. Under that agreement, the FSCC bought milk from farmers in the Boston milkshed and gave it to the Department of Public Welfare, which used funds supplied by the local city governments, to pay for the processing and bottling of the milk and its distribution to families on relief.

Before entering into the agreement, a survey showed that 45 percent of the families on relief were purchasing no milk at all. Every quart of milk given to these families, the FSCC expert reasoned, would reduce the surplus of milk in the milkshed by just that much. It wasn't a question of competing with another food, or taking a milk customer away from a dairy by giving milk away. Here were families that should have had milk but weren't getting it.

Some families, among the other 55 percent, were buying milk in various quantities but nowhere near the amount which diet experts recommend for well-balanced diets. To make sure that these families would not stop their regular purchases, every family receiving free milk had to sign an agreement. In the agreement the families promised not to reduce their milk purchases, but to use the milk they got through the relief agencies in addition to their usual milk order.

AFTER A YEAR OF THE PLAN'S OPERATION, the man in charge of it, testifying at a public hearing, said, "There have been but few cases of violation or breach of agreement reported."

Families with wage earners on WPA also had a chance to participate in this plan, but they were charged 2 cents a quart, the cost of handling it, while the Government assumed the cost of the raw milk.

All told, 75,000 Boston families received milk free or at a cost of 2 cents a quart bottle. Daily totals, which were 14,000 quarts at the beginning, rose until on some days they reached 120,000 quarts. On an average day, however, about 60,000 quarts were distributed.

That's the way the present Boston milk plan began. Supported in the beginning almost entirely by a Government subsidy, it is now more nearly self-supporting.

ALREADY OTHER CITIES ARE OBSERVING BOSton's experiment in opening the milk sluice gates so more people can have milk and milk farmers can earn more money.

In Chicago, under the present Federal milk marketing agreement, there is a price known as the "relief milk price." This is the price farmers will receive for the milk that is eventually sold at special low prices to needy families. It is not so high as the fluid milk price, the top price, and it is not so low as the price paid for surplus milk which is diverted to manufacturing purposes. Theoretically it is low enough to be another step toward the practical recognition of the fact that there are different classes of milk consumers. And it is high enough to assure farmers increased returns because the greater consumption will bring into fluid use surplus milk which otherwise would be used for manufacturing purposes at lower returns to producers.

Similar relief prices are under discussion in other cities. Right now milk producers in Kansas City and St. Louis are also considering this 5-cent solution to the problem of getting milk to America's many milkless families, and provision has been made for a special "relief milk" price in the Federal-State orders for New York.

WHAT farmers get for milk depends upon what use is made of the milk. Milk that goes into bottles brings the highest prices. Milk for butter, cheese, and other manufactured products brings much lower prices. Under the new plan in Boston, there is now an in-between price for milk to be sold to relief families.



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Margarine Takes the Hurdles

State and Federal laws raise economic barriers along the route from factory to dinner table for this low-cost bread spread*

NAPOLEON III, disturbed because his subjects were staying up after dark, and because they were riding trains, ordered his Minister of State to offer a large cash prize to the man who could invent a cheap butter substitute.

Not so illogical as it sounds, the offer was made to encourage the invention of an edible fat which would make up for the edible fats and oils the French were burning in their lamps after dark and using to lubricate the wheels and axles of their growing railroad industry.

Demand for night illumination and for lubricating oils in industry had reduced the supply of edible fats and oils. Butter, almost alone, had to meet France's need for fat as food. Butter prices, under the stimulus of increased demand, however, were leaping out of reach of most Frenchmen.

Since fats are an indispensable part of the human diet, Napoleon III was faced with a crisis. A French chemist named Mege-Mouriez, building on the research of other chemists, answered Napoleon III's prayer. The cheap edible fat he invented was called margarine.

Mege-Mouriez's achievement came to light in 1869 when he was awarded an English patent on his method of making margarine. By 1874 margarine was in production in France. On April 12, 1874, a city ordinance announced that it was legal to sell margarine

in Paris, provided it was not sold as butter. Within a few years it was being made in England, Germany, and the United States. Napoleon III and Mege-Mouriez had started something.

MARGARINE IS A PRODUCT WHICH IS PROcessed in factories but whose antecedents are chiefly farm products. The 385 million pounds of margarine produced in the United States last year had a value, at retail prices of 66 million dollars. To feed this 66 million dollar industry, margarine makers used 20 million pounds of animal fats which were byproducts of the cattle and hogs that packers bought from American ranchers and farm-An even more important American source of margarine ingredients is the cotton grower. From him come the cotton seeds from which are pressed oil that is eventually worked into margarine. Altogether, in 1938, there were used in the manufacture of margarine 143 million pounds of cottonseed oil, 40 million pounds of soybean oil (soybean oil moved ahead of cottonseed oil as a margarine ingredient in July 1939), 31/2 million pounds of peanut oil, and a half million pounds of corn oil. To this were added 106 million pounds of imported fats and oils; cocoanut, palm, sesame, rape, and ouri couri oils, exotic products of the Far East, the South Seas, and the tropics. These domestically produced and imported fats and oils, processed and churned, added up to the 3 pounds of margarine which the statistical 'average person" in the United States consumed in 1938.

That's one side of the story. The other side of the story comes from the butter industry. In 1938 it produced more than 2 billion pounds of butter with a total retail

value of some 800 million dollars. In the great mid-western region butter making is a major activity. And butter is a product of dairy farms located in every State in the Union. Some of these dairy farmers would like to limit, in one way or another, the sale of margarine, since they say it competes unfairly with butter. Without measuring the competition, a comparison of butter consumption with margarine is in order. Against the 3-pound average per capita consumption of margarine in 1938, there was an average per capita consumption of 17 pounds of butter.

Margarine makers, and the people who raise the products which go into margarine, understandably enough, do not want the sale or consumption of margarine limited.

The Agricultural Adjustment Administration, without in any way taking up arms for or against either side, is administering a farm program which is designed to benefit all farmers concerned with producing the raw materials of both foods: producers of milk and butter, and producers of fats and oils; the cotton producers, the peanut growers, the corn producers, and the livestock producers.

Pressure in the States has tipped the scales, by means of laws, sometimes in the direction of one group of producers, and sometimes in another direction. Of the laws of this type, one group is called the "margarine laws."

A CHAPTER IN A RECENT SPECIAL REPORT to the Secretary of Agriculture on Barriers to Internal Trade in Farm Products describes margarine laws and their effects.

"Almost from the time of its introduction into this country in the early 1870's, Federal and State taxes and regulatory laws have, with varying success, been applied to the

*This is the fifth of a series of Consumers' Guide articles based upon material contained in the publication, "Barriers to Internal Trade in Farm Products," a Special Report recently made to the Secretary of Agriculture by the Bureau of Agricultural Economics. Earlier chapters appeared in the March 13, March 27, May 1, and May 15 issues of the Consumers' Guide. A few free copies of the complete report may be had by writing to the Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington, D. C.



manufacture and sale of margarine (oleomargarine)," the chapter begins. "Irrespective of whether or not such was its purpose. the actual effect of much of this legislation has been to raise appreciable barriers to interstate trade in butter substitutes."

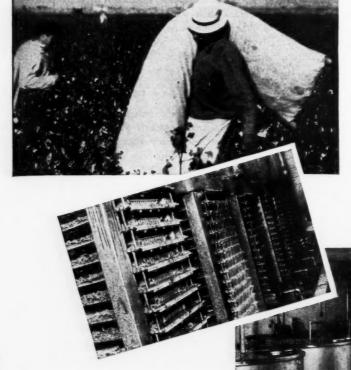
Sometimes there are perfectly good reasons, or at least reasons that most people accept as perfectly good, for a trade barrier. However, there are two questionable effects of some trade barriers. One is to deny consumers the opportunity to make choices when they go marketing. The other is to penalize certain producers in favor of other producers.

In the case of margarine, these laws raise the price of the product to consumers and place restrictions on the marketing of margarine ingredients by the farmers who produce them.

THE FEDERAL GOVERNMENT, IT SHOULD BE noted, places restrictions against the use of butter substitutes in its institutions. Soldiers in the United States Army may not be served these products except when they are cooked with food. This is true for war veterans getting care in Veterans' Hospitals and for patients in the hospitals operated by the Interior Department.

Tracking along after these Federal precedents, 20 States forbid, in one way or another, the use of oleomargarine in State-supported or State-aided charitable, penal, or other institutions.

COTTONSEED, a 200 million dollar byproduct of the South's cotton fields, which has previously been cooked into cottonseed cake is then pressed in an apparatus like the one to the left, until it yields its oil.



THE oil, whichever kind is used, is blended with sour milk which has been pasteurized in tanks like these pictured here. The mixture is then churned, cooled, and worked between fluted wooden rollers.

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of the d into ne one Many States require restaurants and boarding houses serving oleomargarine to post conspicuous signs announcing that margarine is dished out to patrons. Missouri and Arkansas require them to label the plates containing it, "oleomargarine."

More than half the States have laws requiring margarine to be labeled and packaged so that it won't be confused with butter.

The sale of yellow margarine—colored like butter—is prohibited altogether in 32 States.

Every State in the Union except Arizona has special laws applying to margarine, in addition to the regulations which would ordinarily apply to it under the Food and Drug laws.

In addition to these laws, there are also the license and tax regulations which apply to margarine.

The manufacturer of margarine is taxed by the Federal Government for the privilege of making this commodity. His tax is \$600 a year. For each pound of uncolored (that is, white) margarine he makes, he pays a tax of one-fourth of a cent. In addition, for each pound of yellow margarine he makes, he must pay a tax of 10 cents.

Wholesalers who sell margarine must pay the Federal Government a tax of \$480 a year, for the privilege of dealing in yellow margarine.

Retailers who sell white, that is uncolored,

margarine must pay an annual tax of \$6 to the Federal Government. To sell white and yellow margarine they must pay a tax of \$48 a year.

Two taxes must be paid on margarine that is imported into the United States. The first is the tariff duty which amounts to 14 cents a pound. Then, after its admission fee has been paid, there is a tax of 15 cents a pound for an internal revenue stamp which is affixed to each package of margarine sold in this country. Imports of margarine are practically nil.

IN 11 STATES A MANUFACTURER MUST HAVE a State license as well as a Federal license to manufacture margarine. This license ranges in cost from \$1 in Minnesota to \$1,000 in Wisconsin, Oklahoma, and North Carolina.

Wholesalers of margarine must pay anywhere from \$1 to \$1,000 annually to the States in which they hope to sell this product.

Montana assesses retailers \$400 a year for the privilege of selling margarine. Thirteen other States charge their retailers anywhere from \$1 to \$100 a year for the privilege of putting margarine into their customers' market baskets.

Six States track down boarding house and restaurant operators to tax them for the privilege of serving margarine. The taxes range from \$2 to \$25 a year.

Bakers in 3 States have to pay anywhere

from \$1 to \$10 a year for mixing margarine into their batter.

Margarine also has produced something else by way of novelty: licensed consumers. Wisconsin, in perhaps the most searching margarine law of them all, hunts out consumers who buy margarine in interstate commerce, and taxes them \$1 a year.

Those are the State taxes which corporations and individuals must pay for making, handling, selling, or *using* margarine.

In addition, half the States place excise taxes of one kind or another on margarine.

These taxes, depending upon the State, are intended to accomplish one of 4 purposes:

- 1. To protect butter from the competition of any kind of butter substitute.
- 2. To protect margarine made from fats and oils produced within that State from competition with margarines made from fats and oils produced in other States or abroad.
- 3. To protect margarine produced from American fats and oils from margarines made from foreign fats and oils.
- 4. To prevent disguising margarine as butter.

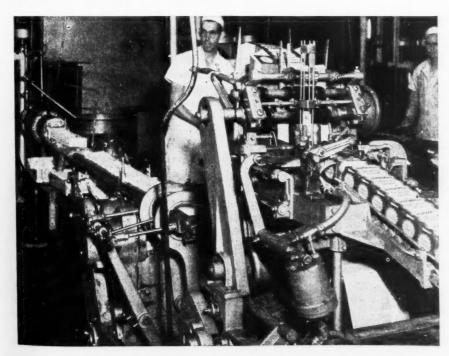
TAKING UP THE CUDGELS FOR BUTTER, WISconsin and Washington put a tax of 15 cents a pound on all margarine sold within their borders. Altogether 9 States tax margarine without reference to what it is made of. In addition to Wisconsin and Washington, these States are Idaho, Iowa, Oklahoma, North and South Dakota, Utah, and Tennessee.

Three cattle-producing States, Wyoming, Missouri, and Nebraska, write their margarine tax laws so that margarine, to be sold inside their borders, must be made chiefly of animal fat.

Discriminating between domestic and foreign ingredients, 14 States tax margarine if it contains oils and fats of foreign origin, but make it tax-immune if it is made of any one of a list of oils or fats either made in the United States or made in the State concerned. Thus in 7 States margarine is tax-free if it contains minimum amounts of certain animal fats, neutral lard, corn oil, cottonseed oil, peanut oil, soybean oil, or milk fat.

FIRST EFFECTS OF THE BURST OF IMPORtant chemical inventions in the last century, which included margarine, were not entirely happy. "Chemical inventiveness outdistanced business ethics," one authority, basing his statement on studies made by the Department of Agriculture in the 1880's, puts it, "and many newly developed substitute articles were used for adulteration and sold as the genuine article. Milk, butter, cheese,

AUTOMATIC machinery compresses the margarine into a loaf, slices it into the desired weights, wraps it up, and delivers it finally ready for shipment at the end of the production line.



flour, tea, coffee, honey, and olive oil make only a part of a long list of products adulterated at that time."

Margarine, colored yellow to resemble butter, was in the early years of its manufacture in the United States palmed off as butter.

That was fraud. This fraudulent sale of margarine as butter got mixed up in a political war that was waged in the 1880's. Resentment by farmers against the great packing companies of the day was high. Stewing in the political pot at the time were laws to regulate big corporations, laws to regulate the railroads, and laws which were meant to even up the struggle between farmers and city corporations, between small and big businesses.

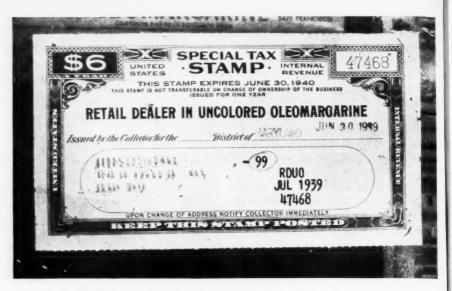
Margarine, as a product manufactured by the great packing houses in a period when they were most unloved, started out with 2 strikes on it. The fact that it competed with butter, which at the time was made almost solely on a small scale by practically every American farmer, made things worse.

Laws fell thick and fast on margarine. Ostensibly their object was to make it impossible to sell margarine as butter. Hence the present day distinction in the tax laws between colored and uncolored margarine, with the heavier, prohibitive tax on the colored variety.

In two-thirds of the States today, there are laws which forbid the sale of colored margarine. But, where margarine is used in place of butter, people want it to look like butter. So margarine makers sell, with their margarine, a little packet of coloring matter which the consumer himself can use to color the product. Here no one is being fooled.

The Federal Oleomargarine Act, passed in 1886, was one of the first to offer consumers any protection against misbranding and adulteration of a food. Along with its tax regulations, the law forbade false and deceptive labels, made the sale of deleterious margarine illegal, and required all margarine to be labeled in letters three-quarters of an inch high with the name, "Oleomargarine."

TODAY CONSUMERS RELY CHIEFLY ON 2 Government agencies for protection against unwholesome or misbranded margarine. If it contains fats derived from meat animals margarine must be manufactured in plants supervised and inspected by the Federal Meat Inspection Service. This means that every ingredient has been inspected and that these margarines have been manufactured under the supervision of a Federal meat inspector. Labels on this type of margarine, too, must be O. K.'d by the Meat Inspection Service before they may be used. Margarine pre-



RETAILERS who sell margarine must have a Federal license. So must wholesalers who sell it, and the manufacturers who make it. States add taxes of their own, and in one State, Wisconsin, consumers who buy margarine brought into the State must also obtain a license.

pared under the supervision of the Federal Meat Inspection Service may be recognized by its mark, "U. S. Inspected and Passed by the Department of Agriculture," which appears on the container.

Margarines that do not contain fat from meat animals come under the provisions of the Federal Food, Drug, and Cosmetic Act.

Margarine, under regulations issued by both the Meat Inspection Service and the Food and Drug Administration, must contain at least 80 percent fat. This corresponds to the legal provision requiring that butter contain at least 80 percent butterfat.

THOSE ARE THE MARGARINE LAWS. THE purposes of margarine tax laws, however, go beyond the prevention of fraud. It isn't necessary to hunt far to find out what the additional purposes are. For example, says the Special Report to the Secretary of Agriculture: "When the Washington tax of 15 cents per pound was carried to the Supreme Court, the sponsors of the Act candidly stated their purpose was to help the butter industry . . ."

That's frank enough, and it raises clearly a number of questions, which, while they can't be settled without careful study by consumers and producers, nevertheless are worth looking into.

First, does a tax on a butter substitute actually help butter producers?

Second, should the States levy taxes which are in effect tariffs?

Third, is there any reason why people shouldn't eat margarine if they want to?

Question one is answered by the Special Report to the Secretary of Agriculture in this way: "State legislation regarding margarine cannot be expected to give appreciable aid to dairy farmers. In all probability, even national legislation of a prohibitive character would be of little help . . . The Agricultural Adjustment Administration says, 'The Government never before has prohibited the use of any safe and noninjurious food product. Even if it should do so now, and if all consumption of oleomargarine were prohibited and persons formerly using margarine turned to butter, the maximum increase in the price of butter probably would be less than 2 cents a pound. And since many oleo users might not turn to butter, the actual increase might be less than a cent a pound."

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From 1921 to 1934 a pound of oleomargarine sold at retail for somewhere between 12 and 19 cents less than a pound of butter.

Now, observers say, many of the people who buy margarine buy it because it costs less than butter. Raise the price of margarine and only a few of these people will turn to butter. Instead they will turn to other fats, to lard, to cottonseed oil, and similar products for cooking purposes; and to jams, jellies, mayonnaise, and other foods as bread spreads.

Going on, the experts explain, butter prices cannot be raised by a law passed in a single State. Take margarine away from the people in Wisconsin (a dairy State where this has practically been accomplished) and this action cannot raise the price of butter one cent above the national price so long as there is interstate commerce in butter.

But even if such laws were effective in their purposes, the Special Report to the Secretary of Agriculture says, in effect, States might consider other effects which such laws may have. In 1935, Wisconsin passed its stringent margarine tax law. Immediately Alabama, whose cottonseed oil market was hit by the law, protested through its Governor. So did the Louisiana State Commissioner of Agriculture, and the Tennessee Federation of Labor, and the Arkansas State Legislature.

IN A BITTER RETALIATORY MOOD A NEWSpaper speaking for a group of cotton growers said, "We are Wisconsin's best customers for butter, cheese, condensed milk, farm implements, farm light plants, plumbing supplies, and road-building machinery. Without our patronage she would indeed be in a sad plight. She has invited such a calamity on herself. She has chosen to wall herself in. Let us see how she likes it."

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Actually, the Report continues, no great counter measures were taken. But the law establishes a precedent, the Special Report points out. Other laws might very well be proposed that would do to butter in behalf of other products what Wisconsin is trying to do to margarine in behalf of butter. Already laws are in effect which try to block the sale of out-of-State products by laying State excise taxes on them.

Another sentiment, too, has been detected. California's citizens, in a State referendum, repealed an excise tax on margarine, and in Washington State a law discriminating against margarine was similarly repealed. In all, 9 prohibitive margarine laws have been repealed by State referenda.

And this year, the signs indicate a definite trend. Under the light of publicity on the effects of trade barriers, the legislatures of Oregon, Vermont, and Minnesota turned down a proposal to enact margarine taxes. Iowa voted "no" on a proposal to increase the present tax.

EVERY NOW AND THEN IN THE MARGARINEbutter controversy, the argument pops up: Well, people shouldn't eat margarine anyhow, it isn't healthy.

Margarine and butter are both predominantly fats. Under Federal laws butter must contain at least 80 percent butterfat, and under Federal regulations margarine must contain 80 percent fat.

Now fats are high-calorie foods which are important in the diet because they are a rich source of energy. They rank above any other kind of food in fuel or energy value. A pound of margarine, or butter, for example, furnishes about 3,400 calories.

For energy purposes, there is little to choose between the various kinds of pure fat. They are all, more or less, equally digestible, and equally rich in fuel value.

However, since neither butter nor margarine is all fat, there are differences between them.

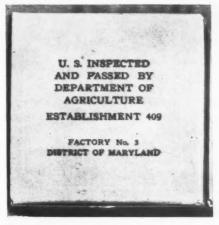
Apart from the fact that people eat butter because they like it, its consistency is desirable as a bread spread. Further, butter contains 2 important vitamins, A and D. The amount of these vitamins in butter depends upon the diet of the cows that produced the milk from which the butter was made. Thus the Vitamin-A content of butter may range all the way from about 1,400 International Units per pound up to 27,000 International Units per pound. The Vitamin-D content of the butter depends upon how much sun and also on the kind of food the cows get.

MARGARINE'S VALUE AS A SOURCE OF VITAmins depends upon its ingredients. Animalfat margarines containing a substantial proportion of oleo oil may have some Vitamin-A value. Under a ruling of the Meat Inspection Service animal-fat margarines are not permitted to be fortified with vitamins.

Margarines churned in whole milk, whether made from animal or vegetable fats, have such Vitamin-A value as the milk contributes.

Vegetable oils used in margarine manufacture do not contain Vitamins A and D. However, manufacturers of some vegetable margarines fortify their products with vitamin concentrates.

A pound of the fortified margarine provides at least 7,500 International Units of Vitamin A, the amount in a pound of so-



THE Federal Meat Inspection Service inspects the ingredients and supervises the manufacture of margarine made from animal fats before it is placed on the market if the establishment making it sells outside the State. There is no such factory inspection for margarine made from vegetable fats. Instead it comes under the jurisdiction of State and Federal food and margarine laws after it leaves the factory.

called "average" butter. Such margarine also contains some Vitamin D. To find out whether or not a margarine is fortified, read the label.

Obviously, if butter and margarine were the only sources of these vitamins, either butter or the fortified vegetable margarines would be essential in the diet.

Actually, however, no one expects either butter or margarine to meet his day's needs for Vitamins A and D.

Freedom from the ailments which come from deficiencies of these two vitamins cannot be assured whether you eat margarine or butter, or both. Your state of nutrition is determined by your entire diet. The best safeguard is a well-rounded diet.

IF, says Section 403 (d) of the Federal Food, Drug, and Cosmetic Act, "its container is so made, formed, or filled as to be misleading," then, "a food shall be deemed to be misbranded." That entitles Section 403 (d) to an honored place in the Consumers' Bill of Rights.

Taffy, pretzels, and celery seed were among the first commodities to be caught inside deceptive containers by the Federal Food and Drug Administration.

In Hoboken, New Jersey, 125 packages of pretzels, the product of a Philadelphia bakery, were found nestling in sealed paper bags inside cardboard boxes which could have held many more pretzels than they did hold. The pretzel baker claimed that pretzels had to be packed loosely so they wouldn't break. Official observers reported, however, that even admitting that pretzels need a lot of room, the packages seized were still too roomy for the pretzels they contained.

Salt water taffy was seized while it was on its way from New York to New Haven. Like the pretzels, the taffy was packed in boxes much too large for the contents.

Celery seed was picked up in Baltimore after it arrived in town from Brooklyn, New York. It was packed in 75 dozen half-ounce packages which were only one-third filled.

Even though the Food and Drug Administration is hard at work driving slackfilled packages of food (drugs and cosmetics, too) out of interstate commerce, consumers can't close their eyes and stop reading labels yet.



What's in America's Sugar Bowl

Millions of tons of sugar sweeten America's diet each year. Here we explore where it comes from and what it is

RING UP your grocer some morning and ask him to send you five pounds of carbon, hydrogen, and oxygen atoms, well-mixed, and compounded into something edible and sweet. If he is as smart as you are in remembering your high school chemistry, this won't stump him in the least. Soon will come the delivery boy bearing a bag of sugar.

Give the order to some laboratory chemist, and you might get any one of a hundred different products, all called some kind of sugar, but as different from each other as a file of fingerprints.

Sugars there are aplenty, thanks not only to nature, but also to the ingenuity of the men and women who work with test tubes. Sucrose that comes from cane and beets and from maple sap, everyone knows. Dextrose from corn starch is becoming increasingly familiar. But other foods can be made to yield their sugars, too. From milk comes lactose. From various types of berries comes mannose. From starchy cereals comes maltose. Scores of other sugars are beguiled from their hiding places by the laboratory G-men—all of them with different chemical make-ups, and different chemical properties.

To the scientist sugar is so many atoms of carbon, hydrogen, and oxygen built into a definite structure. Nature takes these atoms, shuffles and reshuffles them, and with the help of sun, wind and rain, makes sugar.

What man has learned to do is not only to extract sugar from the plants where nature has hidden it, but also to improve on nature by increasing the percentage of sugar found in the beet and in other sugar sources. Furthermore, men have learned how to split one sugar into two.

THIS THEY HAVE DONE, FOR EXAMPLE, WITH sucrose. Sucrose is a sugar with a dual personality. Given the time, the place, and the right conditions, it can be divided into 2 separate and distinct sugars chemically different from each other.

One of the simple sugars that can be derived from sucrose is dextrose. The other is a sugar whose chemical name is levulose, sometimes known as fructose.

Separating this dual personality sugar into its 2 parts is done in the laboratory by boiling sucrose in a very weak acid. When the body ingests sucrose, it performs a process similar to what the chemist does in a laboratory. No sooner does sucrose go down the alimentary canal, than waiting enzymes get to work on it to begin the splitting process. This continues throughout digestion, which results in a cleavage into dextrose and levulose. These sugars are carried to the liver, but what happens next is a matter on which experts do not agree. The most generally recognized fact is that the sugars are stored in the liver as glycogen, to be used as needed

by the body for energy. The story is the same for the simple sugar, dextrose, which also is transformed into glycogen and stored in the liver. nit

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No matter how far back you explore into the genealogy of the sugar family, sugarcane appears to be the patriarch of them all Its use is as primeval as the African bush, and as modern as television. It gets recognition in the Old Testament. There is an ancient Indian legend concerning its origin. The Crusaders are credited with bringing it back with them from their travels. Today it is cultivated for its sweet juice in primitive Melanesia and in many other places, while in other parts of the world a great industry has been built up in its name.

Not so ancient but almost as Glamorous is the history of the sugar beet. When Napoleon had embarked on his wars of conquest, French ports were cut off from their tropical sources of cane sugar. Frantic French scientists probed for substitutes in apples, pears, plums, quinces, walnuts, and chestnuts. Their luck was poor until one Benjamin Delessert—following upon previous experiments of 2 Germans, Marggraf and Achard—investigated the beet, and from it produced crystallized sugar. To Delessert went Napoleon's Cross of Honor.

That was more than a century ago. Since then the sugar beet has lived a life divided between laboratory, field, and factory. Scientists have increased from 5 to 20 percent its sugar content, perfected the process of extracting sucrose from it, and the sugar beet industry has grown into great corporate magnitude. After a few false starts, the industry, under Government protection, took hold in the United States, and today about seventy thousand American farms look to the sugar beet as a profitable crop.

A POST-WAR BABY IN THE SUGAR FAMILY but no longer in the wobbly stage, dextrose is younger by far than sucrose. It was not until the 20's that researchers in the National Bureau of Standards, in cooperation with chemists in private laboratories, succeeded in making refined crystallized dextrose from corn. There followed several years of perfection of the process. Only in recent years has the industry begun to market refined dextrose in large quantities.

Some researchers hope that corn sugar—today not a top product in the whole corn industry—may some day work itself up to be one of corn's major byproducts. Its entrance on the sugar scene is recent, and dextrose manufacturers have refrained from making their production figures public. Outsiders guess that between 200 and 250 million pounds of dextrose flow out of corn sugar refineries each year.

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(The Census of Manufactures reports the production of 234,000 tons of corn sugar in 1937, but this includes dextrose in its unrefined state as well as the refined product.)

Corn is the principal commercial source for dextrose in this country, but it can be made in the laboratory from any plant containing starch. In some countries abroad, dextrose is manufactured from potatoes.

Although long used for special dietary purposes and as an infant food, refined corn sugar—or dextrose—today is used mostly in the manufacture of food products, such as canning, baking, and candy making. Very often dextrose and sucrose are combined.

Experts on sugar seem to agree that dextrose is less sweet than sucrose, but how much difference in sweetness there is between them is not agreed on.

Mention glucose to the ordinary consumer and he will probably think of corn syrup. Chemists in the laboratory, however, use the word glucose as merely another name for dextrose.

SUGAR THAT CONSUMERS USE TO SWEETEN their coffee or tea and for other table use is today most often refined cane sugar or refined

beet sugar or just plain "sugar," as you would call it over the breakfast table. And, of course, cane and beet sugar have long been mainstays, too, in making ice cream, bakery products, beverages, candy, dairy products, confectionery, flavoring extracts and syrups, and so on.

Into the Nation's sugar bowl last year poured more than 6 million tons of refined cane and beet sugar. Some of these tons were routed to consumer kitchens. A smaller part went into candy factories, bakeries, ice cream plants, and other places that make sweets and even medicines. Still other tons were held in warehouses to be marketed later.

From our island possessions of Puerto Rico and the Virgin Islands, from the Territory of Hawaii, and from the Philippines came enough cane sugar to fill the sugar bowl four-tenths full.

Cuba added another three-tenths, while other foreign countries added a nominal amount.

Cane sugar produced in Florida and Louisiana raised the contents of the sugar bowl to the three-quarter mark.

Sugar from beets grown in 22 States from Ohio west to the Pacific coast brought the level to the top of the bowl.

CONGRESS FOR 6 YEARS HAS DECLARED HOW

the national sugar bowl was to be filled with cane and beet sugars. It has told the Secretary of Agriculture what share of the bowl was to be allotted to American sugar growers, and what share to producers abroad. And it has ordered the Secretary to decide how much sugar was to be poured into the bowl each year.

By such action, Congress wanted to do 2 things. First, it wanted to maintain sugar prices at equitable levels and barricade them against too sudden ups and downs. And, second, it wanted to be sure that American sugar growers were getting a fair share of consumers' sugar dollars.

Under the present law, the Secretary of Agriculture in December of each year decided what the size of the sugar bowl was to be in the following year. He did this by checking on supplies, by measuring prospective consumer demand for sugar, and by doing other things which Congress said should be done before any sugar quotas may be announced.

Today parts of this law are suspended. They are suspended because an emergency situation in sugar developed. Newspaper readers know partly why this happened. In the early part of September, when the overseas cables brought the news of another European war, sugar also jumped into the

THE sugar beet is scooped up from the earth, washed, sliced, and sent through a series of refining processes that yield the pure sucrose. For a century this lowly vegetable has been a major source of sugar. Seventy thousand American farmers look to it today for their chief source of income.



NOVEMBER 1, 1939

headlines. Housewives, remembering their experiences after the last World War, became unnecessarily alarmed that a sugar shortage was imminent. They bought far more than their normal purchases. As a result some temporary shortages occurred. At the same time a great deal of speculative activity was present in the raw sugar market, and prices advanced rapidly. On September 11, the President by executive order, removed the quota barriers. In effect, he told producers in mainland United States, in Hawaii, in Puerto Rico, and in the Virgin Islands that they were free to send as much sugar to our consumer markets as they desired. Producers in Cuba and in other foreign areas were also free to send in as much sugar as they wanted to so long as they paid duties imposed on foreign sugar imports. That apparently served to reassure alarmed consumers. Since then raw sugar prices have dropped nearly to pre-war levels, but prices consumers pay for sugar had not moved back to the same extent when this was written.

GETTING THE CANE AND BEET TO GIVE UP their store of sucrose, and manufacturing dextrose from the corn kernel are complicated tricks. Corralling the sugar is only half the job; it takes a chemist's ingenuity and a technician's skill to refine the raw product to pure sucrose or dextrose, as the case may be.

Sugar cane juice goes through 2 separate processes before it becomes crystallized sugar. Cane stalks are first run between tremendous crushers and ground into a mass of pulp. The juice, obtained from this process of crushing, is heated, passed through a series of settling tanks to remove impurities, then dispatched to vacuum evaporators to be concentrated into a thick brown syrup, about one-third moisture. Then comes another session in vacuum pans, and the syrup is dumped into whirling centrifugal machines which separate the raw brown sugar from the molasses byproduct. That ends chapter one in the life of a pound of cane sugar.

Chapter 2 begins in the refinery which cleans the sugar, makes it white, and leaves a product almost 100 percent pure sucrose. The raw sugar is "washed" with a fine spray of water under pressure, then melted by adding hot water. The resulting liquor goes through a series of tanks for further cleaning and through filters to remove impurities. The liquor, now purified, is reconverted into crystal form, put through another treatment in centrifugal machines, and finally dried and graded according to the size of the crystals.

BEETS GO THROUGH A SOMEWHAT SIMILAR processing before the final yield of pure

white sucrose is surrendered. The beets are washed and scrubbed. Then follows a precipitate trip to the slicer, where they exit looking like so many "shoestring" potatoes. Now comes another bath in a diffusion tank where hot water soaks the sugar from the beets, forming a juice which is carried along into a purifying tank, while what is left of the beets is sidetracked as a useful byproduct for feeding animals. A purification process follows and the cleansed juice goes into a filter press, then into a series of evaporators which reduce the thin juice to a thick syrup-now 55 percent pure sugar. The clear, sparkling liquor is channeled into a vacuum pan where the liquid is boiled to sugar crystals. From here, it goes into centrifugal machines which separate the almostpure sucrose from the syrup, and after a drying and grading process, the sugar is ready for shipment.

Manufacturing the dextrose from the corn kernel requires all of a chemist's resources and skill. Before anything can be done, the kernel germ and endosperm must come to the parting of the ways. This is accomplished by a process of soaking and rupturing the kernel. With the germ removed, the remainder of the kernel is ground between millstones, and the starch and gluten separated from the fiber and hull

of the kernel. Another process separates the starch and the first victory toward capturing the pure dextrose is chalked up.

NOW BEGINS A BIT OF MECHANICAL DIGEStion-pulling the starch through a process broadly similar to the transformation it gets in the human digestive system. It is pumped into big tanks, and soaked in dilute hydrochloric acid, under pressure and at a set temperature. A liquor then emerges. When refined, filtered, and evaporated this is corn syrup. A short period more of this treatment and you have corn sugar 70 to 80 percent pure dextrose. These are at best only the rank and file corn sugars. To get the almost pure dextrose, corn syrup must be filtered and evaporated, then crystallized. After several days of crystallizing, into the centrifugals it goes, just as the syrup from cane and beets goes into the whirling tanks to divide the molasses from the crystals. In practically no time, the 2-mile-a-minute centrifugals get rid of the corn "molasses" and leave a white refined corn sugar from 99.5 to 99.8 percent pure dextrose ready for whatever use to which it is to be put. Refined corn sugar is also sold in a hydrated form containing about 9 percent water.

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NEWCOMER on the sugar scene is dextrose. Hidden in the corn kernel, it is a sugar that today is used chiefly in sweetening commercially manufactured pastries, ice cream, candy, and other products.



Draw Your Own Cost-of-Living Charts

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FOUR CONSUMERS were in a huddle. Something was puzzling one of them

"Every time I hear people say that war is going to make prices go up, I wonder is that such a bad thing, after all?" mused Consumer No. 1.

"What makes you think the country might be better off if prices went up?" asked the Expert, kibitzing this consumer conversation.

"Because when prices go up, incomes go up, too. Don't they?" Consumer No. 1 replied.

"But do all incomes?" queried the Expert. "Not mine," said No. 2.

"Nor mine," said No. 3.

"These two consumers seem to disagree," observed the Expert. "If I may be so bold, would you mind telling me why you are so sure your incomes will not go up if prices go up?"

"Because," No. 2 answered, "we earn salaries, and salaries usually go up more slowly than prices."

"There's something in that," mused the Expert.

"And believe me," added No. 3, "it makes a lot of difference how fast my salary goes up. If prices jump up first, I'll be in a fix."

"I should think it would make a lot of difference to factory workers, too," observed No. 4, "if prices jumped up before wages did"

"But what about all the stores that sell?" asked No. 1. "If they get more for their goods, they'll spend more."

"If they can get people to pay higher prices," the Expert interjected.

"But you have to, if it's something you need," No. 1 remarked.

"Come, come. You know you don't buy as much when prices are high," reproved No. 3.

"But what I meant," said No. 1, "was some people can afford to pay higher prices, and then the stores that get that money can hire more workers and pay better wages."

"You've got a point there," the Expert conceded. "If higher prices would mean more factories busy, and more workers employed, and better wages paid, then higher prices would be a good thing."

"That was what I was trying to say a while back," interrupted No. 1.

"Exactly," continued the Expert. "And that's what might happen now, *unless* we get going too fast and run off the track.

"Just what do you mean by that?" asked No. 2.

"Why, this," said the Expert. "If prices go up faster than consumers' incomes go up, people aren't going to be able to buy even as much as they buy now."

"Take me, for instance," offered No. 3.
"I need a new pair of shoes, but if I had to pay any more for shoes than I paid last time, I couldn't afford to buy now."

"Of course there are lots of other people in the same fix you're in," added No. 4.

"Millions of people," No. 2 remarked. "They're already spending every cent they have on necessities."

"And don't forget the people who have no incomes at all except for the help they get from State and Federal governments," No. 3 reminded.

"Rising prices," remarked the Expert, "can hurt all of these people seriously, unless . . ."

"Unless what?" the four consumers chimed together.

"Unless higher prices make more jobs. If that happens, we'll all be a lot better off. But things can get into a mess, if we don't watch out."

"How do you mean?" pressed No. 1.

"Just this. A gradual rise can help to increase employment, but runaway markets will not. They'll only make things hard for us as consumers," the Expert answered.

"No buy, no sell. No sell, no make. No make, no job. Is that it?" asked No. 1.

"That's right," the Expert agreed.

"Then what we have to watch is *how* much prices go up, and how rapidly, and what happens to jobs and payrolls as prices rise," concluded No. 1.

"Well said," observed the Expert.

We lost out on the rest of this conversation, if it did continue. But we began gathering together some of the yardsticks that measure price changes and the direction in which prices have moved in recent years.

In this issue we publish a series of charts to show you what we found. These charts are based on studies of the cost of living, made by the Bureau of Labor Statistics. We used pre-depression living costs as the post against which to measure more recent changes: in 1933, last year, and in June of this year. In each chart, we've allowed enough space so *you* can fill in two more bars, representing costs in September and December this year. When these later figures become available, we will publish them in *Consumers' Guide*.

Only one-half of the picture of consumer welfare shows here: the cost of things and services consumers buy. The other half would show the amount of money flowing into consumer pockets. For want of space, that part is reserved for our next issue.

How much any individual family's total cost of living changes depends, of course, on how it divides its expenditures among the various necessities of living. In the bar at the bottom of page 15, we show how a typical wage-earner or clerical family divided its expenditures in a recent year. Out of every \$100 spent, \$33 went for food; \$11 went for clothing; \$17 went for a place to live. House furnishings took \$4; fuel and light took \$7; and all the other things absorbed \$28. If your family divided its expenditures differently, the rate of change in living costs may hit you differently.

HERE'S HOW TO READ THE CHARTS. TAKE foods. For every \$1.00 which food cost in the pre-depression years, 1925–1929, it cost 68 cents in the depression year of 1933; 75 cents last year; and 72½ cents in June of this year. What's happened since war was declared abroad will show up when figures for September and December are published.

COMPARED WITH PRE-DEPRESSION LEVELS, the two main items in the cost of living which were lowest in June of this year were food and rent. Both were more than 25 percent cheaper than in 1925–1929. The two other groups that in June 1939 stood highest in relation to 1925–1929 costs were house furnishings and that large miscellaneous group called "other things." In this latter group are included such things as streetcar fares, soap, medical costs, laundry, personal care, educational costs, etc. As a whole, the cost of this group of necessities is within 3 percent of its 1925–1929 cost.

FOOD

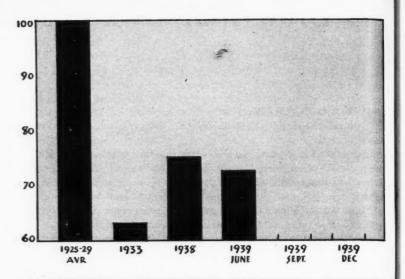


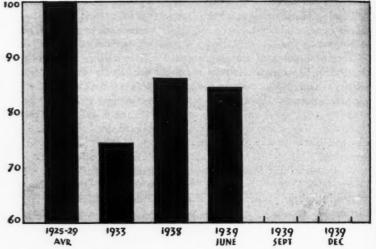
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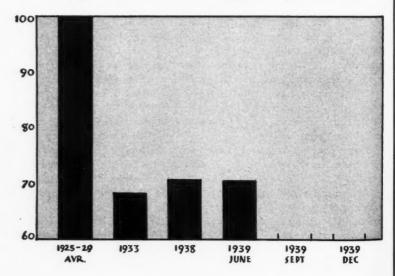


RENT









A typical worker's family divides its income this way



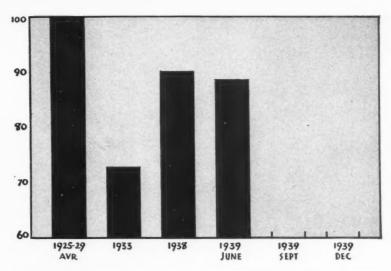
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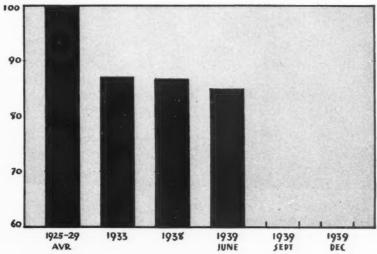


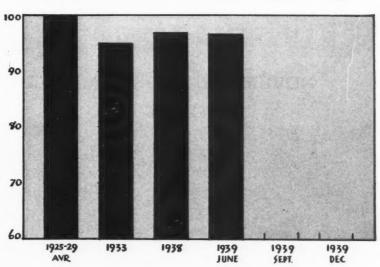
FUEL& LIGHT



OTHER THINGS







FOOD	CLOTHES	RENT	HF F&L	OTHER THINGS
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